

Congress of the United States

Washington, DC 20515

March 7, 2006

Chairman Jim Nussle
House Budget Committee
309 Cannon House Office Building
Washington, DC 20515

Ranking Member John M. Spratt, Jr.
House Budget Committee
B-71 Cannon House Office Building
Washington, DC 20515

Dear Chairman Nussle and Ranking Member Spratt:

As you near consideration of the FY 2007 Budget Resolution, we are writing to express our opposition to proposed cuts in the FY 2007 HUD budget. In particular, we strongly oppose the budget proposal to cut the Community Development Block Grant Fund by a net \$1.502 billion – a 36 percent reduction - and within that function to cut CDBG formula funding by \$736 million – a 20 percent cut.

We appreciate the interest your committee has taken in the CDBG program as evidenced by your decision to provide \$1.1 billion more than the President's request for the Community and Regional Development budget function (450) in the House Fiscal Year 2006 Budget Resolution.

This reflected bi-partisan support for CDBG and other programs in this function that were targeted for deep cuts in the FY 06 budget.

We are very concerned about the impact the proposed cut will have on the communities that have benefited from this program. The CDBG program funds homeownership, housing rehabilitation, public improvements, public services, and economic development projects in communities across the nation. CDBG also supports community based organizations and the vital work they do to deliver human services and rebuild neighborhoods. It is a vital funding source to more than 1,100 entitlement communities, urban counties, and states, which, in turn, serve more than 3,000 rural communities.

CDBG is the centerpiece of the Federal government's efforts to help states and localities meet the needs of low-income communities and is one of the most effective Federal domestic programs to revitalize communities with proven results. According to HUD, over 95 percent of FY 05 CDBG funding went to activities principally benefiting low- and moderate-income persons. In addition, CDBG housing projects assisted 166,992 households in FY 05, including financial assistance to new homeowners and rehabilitation assistance to the elderly and other existing homeowners.

The CDBG formula allocation was funded at \$4.41 billion in FY 01. Since then the formula allocation funding has decreased by \$670 million – or 15.19 percent – with a 5 percent cut in FY 05 and a 10 percent cut in FY 06. The FY 07 HUD budget would reduce the formula funding by another 20 percent, cutting the formula allocation almost in half in just three years. In light of these drastic cuts, communities have had to struggle to continue their programs and have discontinued crucial projects for low- and moderate-income persons. These cuts directly affect the local economy, as they translate into reduced private investment that is fueled by CDBG funding. The CDBG program leverages \$3 of private investment for every program dollar spent.

We urge you to provide full funding for CDBG, at a level adequate to meet the important and growing needs of our communities.

Sincerely,

Chapman

Phil Gray

W. Minors

E. Porter

Chas W Dent

Bob Bayne

Tom Price

Tom Osborne

Melvin A. Hart

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Mike Cattle

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Mr. Bell

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Ensign L. Engel

Signers to March, 7 2006 Letter to Budget Committee on CDBG

1. *Christopher Shays*
2. Barney Frank
3. Neil Abercrombie
4. Gary Ackerman
5. Robert Andrews
6. Joseph Baca
7. Tammy Baldwin
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11. Xavier Becerra
12. Shelley Berkley
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- 164. Tom Udall
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- 169. Maxine Waters
- 170. Diane Watson
- 171. Melvin L. Watt
- 172. Henry Waxman
- 173. Anthony Weiner
- 174. Robert Wexler
- 175. Lynn Woolsey
- 176. David Wu
- 177. Albert Wynn